

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1245

Clothes Washer Rebates

SPONSOR(S): Tobia

TIED BILLS:

IDEN./SIM. BILLS: SB 2592

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	<u>Agriculture & Natural Resources Policy Committee</u>	<u></u>	<u>Deslatte</u>	<u>Reese</u>
2)	<u>General Government Policy Council</u>	<u></u>	<u></u>	<u></u>
3)	<u>Natural Resources Appropriations Committee</u>	<u></u>	<u></u>	<u></u>
4)	<u>Full Appropriations Council on General Government & Health Care</u>	<u></u>	<u></u>	<u></u>
5)	<u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

The bill creates s. 373.187, F.S., relating to “local front-loading washer rebates” and provides a definition for “front-loading clothes washer”.

The bill requires each water management district to develop and implement an incentive program to encourage all municipal and county governments within the district to adopt consumer rebate programs for the purchase of front-loading clothes washers that have the ENERGY STAR water factor of 8.0 or less.

The bill limits rebates to only one for each eligible product and the cost for developing the program is indeterminate.

The bill has an effective date of July 1, 2009.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

The Energy Conservation Standards Act (act), part VI of ch. 553, F.S., provides minimum statewide standards for energy efficiency in certain products, consistent with energy conservation goals. As provided in s. 553.963, F.S., the standards shall be based on feasible and attainable efficiencies that will reduce Florida's energy consumption growth rate. The standards adopted must be cost-effective to the majority of the users and shall consider the expected life of the covered product. The Department of Community Affairs is required to "adopt, modify, revise, update, and maintain" regulations pertaining to minimum efficiency standards for a specified list of products. The products covered by the act include refrigerators, refrigerator-freezers, freezers, lighting equipment, showerheads, and "any other type of consumer product which the department classifies as a covered product as specified in this part."¹

The ENERGY STAR Program is a joint effort by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy to help save money and protect the environment through energy efficient products and practices. In 1992 the EPA introduced ENERGY STAR as a voluntary labeling program designed to identify and promote energy-efficient products to reduce greenhouse gas emissions. Computers and monitors were the first labeled products. The ENERGY STAR label is now on over 50 product categories including major appliances, office equipment, lighting, and home electronics. The EPA has also extended the label to cover new homes and commercial and industrial buildings. The ENERGY STAR criteria for clothes washers changed on January 1, 2007. The new ENERGY STAR criteria require all qualified products to have a Modified Energy Factor (MEF) of 1.72 or greater as well as a Water Factor (WF) of 8.0 or lower. MEF, as an equation for Energy Factor, is the number of cubic feet of clothes washed and dried per kilowatt hour (kWh) of electricity used. MEF is calculated by dividing the tub capacity by the total energy (clothes washer, water heater and dryer) used per wash load. It takes into account the amount of dryer energy used to remove the remaining moisture content in washed items. WF is the number of gallons per cubic foot of capacity that the clothes washer uses per cycle.

¹ S. 553.963, F.S.

Cost-Effectiveness Example²

Performance:	<u>Base Model:</u>	<u>ENERGY STAR</u>	<u>Best Available</u>
Modified Energy Factor	1.26	1.72	2.19
Annual Electricity	1,030 kWh	750 kWh	590 kWh
Annual Energy Cost	\$60	\$45	\$35
Lifetime Energy Cost	\$580	\$425	\$335
Water Factor (gallons/cu. ft/cycle)	10.4	8.0	4.0
Annual Water Use (gallons)	13,500	10,350	5,175
Annual Water & Sewer Cost	\$55	\$40	\$20
Lifetime Water & Sewer Cost	\$575	\$440	\$220
Lifetime Utilities Cost	\$1,155	\$865	\$555
Lifetime Utilities Cost Savings	none	\$290	\$600

Lifetime utilities cost is the sum of the discounted value of the annual electricity, water, and sewer costs based on average usage and an assumed clothes washer life of 13 years.

The biggest barrier to people buying ENERGY STAR certified washers is the cost. Traditional top-loading washers sell for hundreds of dollars less, yet their lifetime costs are higher. Some consumers are also deterred by the unfamiliar configuration and operation of front-loading and advanced top-loading washers. Traditional washers range from \$300 - \$975 (in 2007) with a median price of \$573. The price of ENERGY STAR qualified washers range from \$550 - \$1,700, with a median price of \$966. Over the 13 year life of a clothes washer, the standard efficiency washer will cost the consumer \$1,310 in energy and water costs, while the ENERGY STAR qualified washer will only cost the consumer \$760 in energy and water costs.

Of all U.S. households, an estimated 87 million, 79 percent, have a clothes washer, but only 11 percent of those units are ENERGY STAR qualified. After a decade of steady growth, total clothes washer sales declined in 2007, falling to 8.9 million units. This was due to the dramatic decrease in new housing starts. Industry sources estimate that 7.3 million of those units replaced existing units, with the remaining 1.6 million units going into new homes. If all conventional units were replaced with ENERGY STAR qualified models, U.S. consumers could save approximately 11 billion kilowatt hours (kWh) of electricity, 550 billion gallons of water, and \$4 billion annually.

Non-qualified clothes washers use 18 more gallons of water every load. The wasted water is equivalent to a daily shower.

ENERGY STAR qualified washers also come in “top-loaded” designs, and both “front-load” and “top-load” washers include technical innovations that help save substantial amounts of energy and water by reducing the amount of hot water used in the wash cycle. Front-loading models are similar to machines used in laundromats. Both top-loading and front-loading ENERGY STAR qualified clothes washers use faster spin speeds to extract more water from clothes, reducing dryer time and energy use.

A residential washer rebate program was instituted by the Miami-Dade Water and Sewer Department (MDWAD) as part of its water conservation efforts. The clothes washer rebate program did not provide significant water savings as was expected. The program did, however, result in significant energy savings. Miami-Dade’s current program will end in July and will not be renewed. While one washer may reduce water use significantly for a single household, the overall reduction for a utility appears to be minimal. Conversely, a commercial effort for laundromats, condominium or hotel laundry rooms, and dormitories may result in significant water and energy savings.

² Federal Energy Management Program
STORAGE NAME: h1245.ANR.doc
DATE: 3/11/2009

Effect of Proposed Changes

The bill creates s. 373.187, F.S., local front-loading washer rebates. The bill defines a "front-loading clothes washer" as a residential clothes washer that is designed to be loaded from the front of the machine and has an ENERGY STAR water factor of 8.0 or less.

The bill requires each water management district to develop and implement an incentive program to encourage all municipal and county governments within the district to adopt consumer rebate programs for the purchase of front-loading clothes washers. The bill limits rebates to only one for each eligible product.

B. SECTION DIRECTORY:

Section 1. Creates s. 373.187, F.S., providing a definition for the term "front-loading clothes washer"; requiring water management districts to develop and implement incentive programs for local governments to adopt consumer rebate programs for specified clothes washers; specifying a limitation.

Section 2. Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

Water management districts are required to encourage local governments to implement the incentive program. According to the districts, costs for developing the program are indeterminate.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

Water management districts are required to encourage local governments to implement the incentive program. According to the districts costs for developing the program are indeterminate.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Customers who purchase a front-loading clothes washer with an ENERGY STAR water factor of 8.0 or less will receive a rebate. Only one rebate will be allowed per eligible purchase. No amount is specified for the rebate.

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill does not provide specific guidance on what the incentive program guidelines or qualifications would be. It only addresses front-loading clothes washers; however, ENERGY STAR qualified washers also have top-loading designs that meet the same standards in the bill. Furthermore, the bill does not address how much of a rebate customers will receive or if the rebate is retroactive to a certain date or only takes effect after July 1, 2009.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES